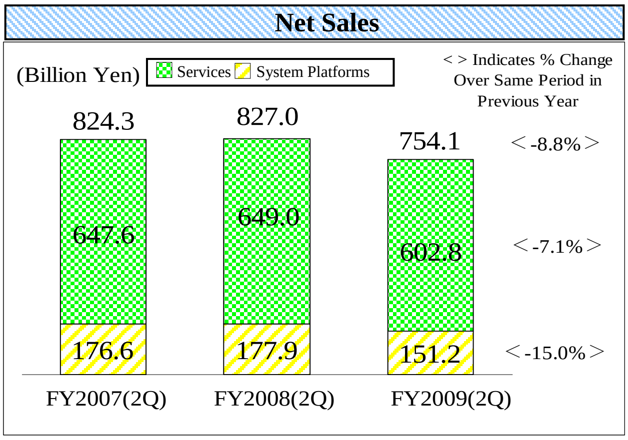
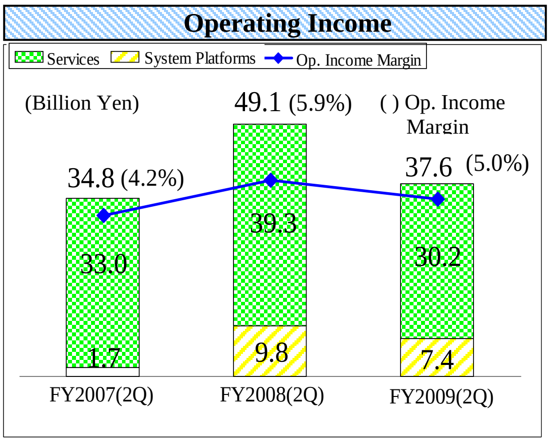
3. Results by Business Segment

Information on fiscal 2009 second-quarter consolidated net sales (including intersegment sales) and operating income broken out by business segment is presented below.

Technology Solutions





Consolidated net sales in the Technology Solutions segment were 754.1 billion yen (US$8,379 million), down 8.8% from the second quarter of fiscal 2008. Sales in Japan declined by 14.1%. Lower corporate IT investment in the financial services, manufacturing and distribution sectors was a primary factor, while demand also declined for large-scale next-generation networking systems as the investment cycle has passed its peak. Sales outside Japan rose by 2.0%. Excluding the impact of exchange rate fluctuations and business restructuring, however, sales declined by 6%. This decline was mainly the result of lower sales of IT services to private-sector customers in Europe and the US due to economic recession, along with a decline in sales of UNIX servers and other products in the US.

The segment posted operating income of 37.6 billion yen (US$418 million), representing a deterioration of 11.4 billion yen compared to the previous year's second quarter. Even after excluding special factors, such as an increase of approximately 2 billion yen in amortization of goodwill and other assets, and an increase of approximately 3.5 billion yen in retirement benefit expenses in Japan, there was a decline in operating income. Lower sales in Japan, particularly to the financial services, manufacturing and distribution sectors, and a decline in sales of IT services to the private sector in Europe amid a stagnant economy were among the main factors behind the decline in profitability.

(1) Services

(Billion Yen)

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
		Change	Adjusted change		Change	Adjusted change
Net Sales	602.8	-7.1%	-10%	1,148.5	-4.6%	-8%
Japan	374.7	-12.5%	-12%	700.9	-9.1%	-9%
Outside Japan	228.1	3.2%	-4%	447.5	3.4%	-5%

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
			Adjusted change			Adjusted change
Operating Income	30.2	-9.0	-12.0	32.1	-19.1	-19.0

Net sales in the Services sub-segment were 602.8 billion yen (US$6,698 million), down 7.1% from the same period a year earlier. In Japan, sales declined by 12.5%. Sales of outsourcing services continued to be strong, but despite higher demand from public-sector customers, sales of solution and system integration services decreased, as corporate spending constraints led to lower sales in the financial services, manufacturing and distribution sectors. Sales outside Japan rose by 3.2%, but on an adjusted basis they decreased by 4%. This decline was mainly the result of lower sales of IT services to private-sector customers in Europe and the US due to the economic recession.

Operating income for the Services sub-segment was 30.2 billion yen (US$336 million), a decrease of 9.0 billion yen compared to the same period in fiscal 2008. Despite strong outsourcing services sales in Japan, profit decreased as a result of an increase of approximately 1.5 billion yen in amortization of goodwill and other assets and an increase of approximately 2.5 billion yen in retirement benefit expenses in Japan. The lower income was also a result of a decrease in private-sector services sales in Europe and solutions and system integration sales in Japan.

(2) System Platforms

(Billion Yen)

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
		Change	Adjusted change		Change	Adjusted change
Net Sales	151.2	-15.0%	-18%	273.9	-14.6%	-17%
Japan	102.3	-19.7%	-20%	180.6	-19.6%	-20%
Outside Japan	48.9	-3.2%	-13%	93.3	-2.8%	-11%

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
			Adjusted change			Adjusted change
Operating Income	7.4	-2.3	1.0	-9.7	-15.9	-7.0

Net sales in the System Platforms sub-segment were 151.2 billion yen (US$1,680 million), a decrease of 15.0% from the second quarter of fiscal 2008. In Japan, sales declined 19.7%. Sales of large-scale next-generation network systems declined as the investment cycle has passed its peak, while sales UNIX servers and other products fell due to corporate spending constraints and price reductions. Sales outside Japan decreased by 3.2%, and on an adjusted basis, sales declined by 13%. As a result of economic recession and other factors, US sales of UNIX servers, in particular, declined.

The sub-segment posted operating income of 7.4 billion yen (US$82 million), a deterioration of 2.3 billion yen compared to the second quarter of fiscal 2008. Excluding losses primarily in x86 servers resulting from the consolidation of the results of Fujitsu Technology Solutions, operating income increased on an adjusted basis by 1.0 billion yen. This increase in profitability was a result of lower overhead costs associated with transferring manufacturing operations for optical transmission systems from the UK to the US in the second half of last year, and cost savings in other businesses.

With the conversion of Fujitsu Technology Solutions into a consolidated subsidiary in April, Fujitsu has moved to eliminate redundancies in each region of its European operations and improve efficiency to succeed in an increasingly competitive global environment. Accordingly, it was decided that the business of Fujitsu Technology Solutions in the UK and Ireland as well as in the Nordic region would be transferred to Fujitsu Services, while the business of Fujitsu Services in continental Europe would be transferred to Fujitsu Technology Solutions, and this reorganization was largely completed in the second quarter.

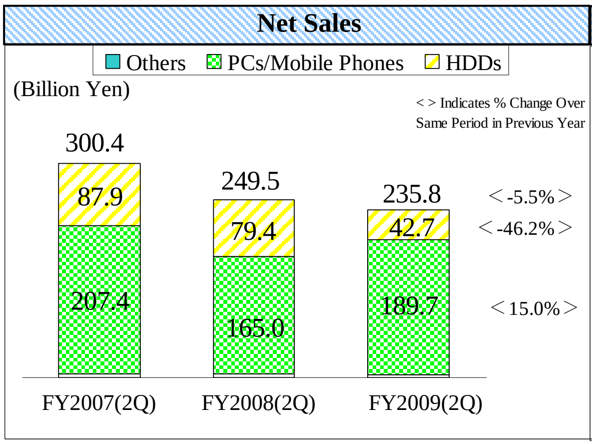
Fujitsu began restructuring its operations in Germany and Spain in an early implementation of the aforementioned business transfers, incurring a 3.0 billion yen restructuring charge in this quarter. In addition, in the UK, the Fujitsu Group disclosed a plan to reduce its headcount by a maximum of 1,200 employees and began negotiations with employee representatives.

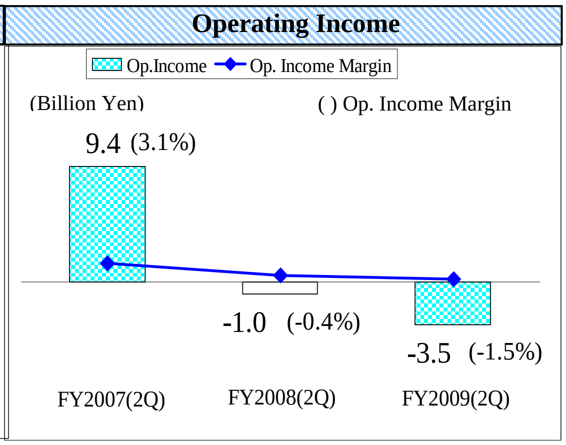
Starting from the second half of this fiscal year, Fujitsu will optimize its resources in each region of Europe by establishing a structure consisting of three regions—the UK and Ireland, the Nordics, and the European Continent—to enable greater business efficiency, accelerated responsiveness, and increased competitiveness.

The organizational structure of the solutions and system integration business in Japan is also being reformed. The company’s front-end technology business, including ATMs and POS systems, has been consolidated at Fujitsu Frontech, thereby integrating product development and sales. In addition, the systems engineering function for customers primarily in the manufacturing sector is being organized along vertical industry lines. Moreover, in August, Fujitsu Business Systems Ltd. was converted into a wholly owned subsidiary. Fujitsu is currently planning an optimal division of responsibilities to strengthen its solutions business for medium-sized businesses.

In outsourcing services, Fujitsu will open a new wing at its Tatebayashi Systems Center that uses highly integrated “green IT” systems to provide leading-edge datacenter services based on early adoption of next-generation IT infrastructure technologies.

Ubiquitous Product Solutions





Net sales in the Ubiquitous Product Solutions segment were 235.8 billion yen (US$2,620 million), a decrease of 5.5% compared to the same period in fiscal 2008. On an adjusted basis, excluding the impact of exchange rate fluctuations and business restructuring associated with Fujitsu Technology Solutions becoming a consolidated subsidiary, sales declined by 19%. Sales in Japan declined by 14.2%. Sales of mobile phones increased, but sales of PCs decreased due to corporate spending cutbacks and fierce price competition in the consumer market. Ubiquitous product sales outside Japan rose by 9.5%. On an adjusted basis, sales declined 28%. HDD sales were severely impacted by the economic recession, and PC sales also slumped, weighed down by corporate spending cutbacks and price competition.

(Billion Yen)

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
		Change	Adjusted change		Change	Adjusted change
Net Sales	235.8	-5.5%	-19%	473.6	-9.2%	-21%
Japan	135.7	-14.2%	-14%	286.8	-16.8%	-17%
Outside Japan	100.1	9.5%	-28%	186.8	5.8%	-30%

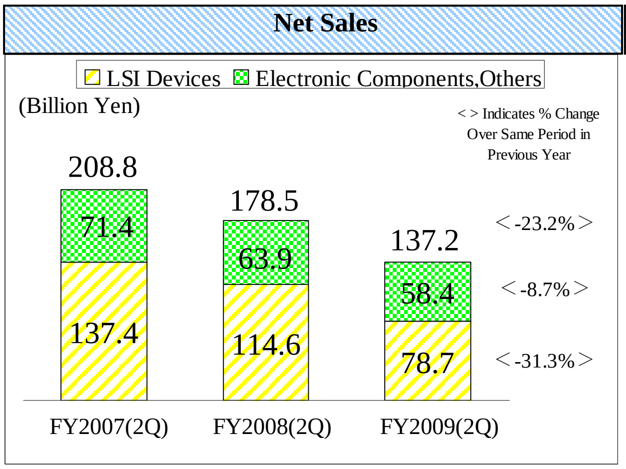
	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
			Adjusted change			Adjusted change
Operating Income	-3.5	-2.4	-3.5	3.0	-5.8	-9.5

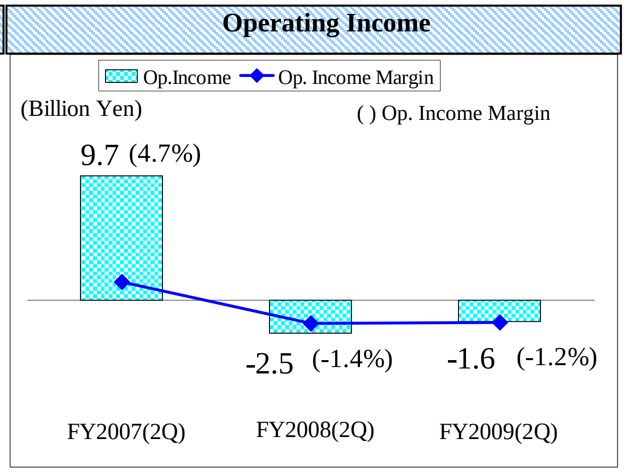
The segment posted an operating loss of 3.5 billion yen (US$39 million), a deterioration from the first quarter's operating income of 6.5 billion yen and a deterioration of 2.4 billion yen compared to the same period in fiscal 2008. Although product design and procurement costs declined and sales of mobile phones increased, profitability deteriorated as a result of lower sales of PCs and HDDs. The losses in the HDD business narrowed compared to the first quarter of fiscal 2009 due to a modest market recovery.

In April, Fujitsu finalized agreements to sell its HDD media business to Showa Denko KK and its HDD drive business to Toshiba Corporation. The transfer of the HDD media business was completed on July 1. While the transfer of the HDD drive business was postponed due to delays in a review by antitrust authorities in one country, it was completed on October 1.

Fujitsu originally had forecast an operating loss for the HDD business of approximately 10.0 billion yen for the first three months of the fiscal year, assuming that the HDD business transfer would take place on July 1. The impact of the delay of the transfer by three months was offset by lower fixed costs and gradual market recovery, resulting in a cumulative loss at the time of the transfer that was essentially the same as the originally projected loss.

Device Solutions





(Billion Yen)

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
		Change	Adjusted change		Change	Adjusted change
Net Sales	137.2	-23.2%	-28%	256.1	-27.0%	-32%
Japan	80.2	-24.6%	-32%	150.2	-29.7%	-37%
Outside Japan	56.9	-21.1%	-21%	105.8	-22.8%	-25%

	Second Quarter FY 2009	Change vs. 2Q FY 2008		First Half FY2009	Change vs. 1H FY 2008	
			Adjusted change			Adjusted change
Operating Income	-1.6	0.9	5.5	-17.1	-9.8	-3.0

Net sales in the Device Solutions segment were 137.2 billion yen (US$1,524 million), a decrease of 23.2% compared to the second quarter of fiscal 2008. Sales in Japan declined by 24.6%. In logic LSI devices, the wide-scale inventory adjustments have run their course, and demand from digital consumer product manufacturers is now on a recovery trend, with sales increasing since the first quarter of this fiscal year. Still, logic LSI sales significantly declined compared to the second quarter of fiscal 2008, and sales of Flash memory also sharply declined. Sales of electronic components, for which market conditions are also recovering, decreased compared to the second quarter of fiscal 2008. Sales outside Japan fell by 21.1% on lower sales of Flash memory and electronic components.

Quarterly Trends (Billion Yen)

	FY2008				FY2009	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	172.3	178.5	139.4	97.1	118.9	137.2
Operating Income	-4.7	-2.5	-21.1	-43.4	-15.5	-1.6

The Device Solutions segment recorded an operating loss of 1.6 billion yen (US$18 million), an improvement of 0.9 billion yen compared with the same period in fiscal 2008. Excluding the impact of currency fluctuations and other factors, on an adjusted basis the improvement was 5.5 billion yen. Despite a decline in sales of logic LSI devices, performance improved because of lower depreciation expenses and more efficient R&D operations. Performance in the second quarter also represented a significant improvement over the first quarter, when the segment posted an operating loss of 15.5 billion yen. In addition to an improvement in the capacity utilization rate of the logic LSI device production lines, performance in electronic components improved as a result of a recovery in demand, returning the electronic components business to profitability.

As part of the restructuring initiatives in its LSI device business, the Fujitsu Group is bringing production resources in line with demand and pursuing greater efficiencies in its administrative operations. Since September, the Group has started to consolidate certain production facilities. As a result of these initiatives, the company recorded a one-time charge of 21.1 billion yen for restructuring expenses, including the cost of reassigning approximately 2,000 employees to other Group operations.

The Fujitsu Group is aiming to shift its LSI device business to a Fab-lite model. Accordingly, while implementing reforms to its business operations, it is accelerating its partnership with Taiwan Semiconductor Manufacturing Company, focusing its research investment on the four areas of mobile/ecological, automotive, advanced imaging, and high-performance industrial products, and offering more application-oriented products.